



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

November 4, 2008

Park E. Pearson
Interim City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Temporary Utility Services License Agreement Audit

The Convention Sports and Entertainment Facilities Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

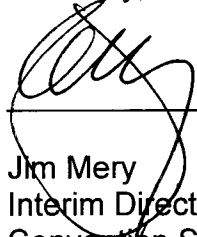
Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
A	Edlen did not Report all Gross Receipts CSEF personnel should review service provider reports thoroughly for accuracy and completeness.	3	Accept	Liz Rodriguez, Contract Officer	10/1/08
<p>Action plan: Based on recommendations from the City Auditor's Office the department has amended its service provider reports generated in EBMS to include fields for SAP event internal order to aid in reconciling events for crediting of commission revenue. In addition, event coordination staff is now proactively entering text for every service provider for each event, even if service providers are not utilized. This requires event coordination staff to consider each service for each event and identify whether that service is being provided and by whom. Also, the department has implemented the same service provider report process for Alamodome events where none previously existed. Contract staff cross-references service provider reports on a monthly basis with events declared on commission reports submitted by service providers. Contract staff works with event coordination staff to investigate and rectify discrepancies in either the service provider or commission reports.</p> <p>As for under-reporting of gross receipts by Edlen, the department has received payment of \$14,048 for commissions and interest due on advance payments and overpayments to Edlen from March 2003 through May 2008. This amount consists of \$11,890 in commissions and 2,158 in interest. The total interest calculated was \$4,315, but after negotiations with Edlen this amount was reduced 50% since Edlen was apparently unaware that advance payments and overpayments were considered by the City as gross receipts. For the future the department has advised Edlen that commission must be paid on overpayments and that the City will not subsequently allow commission credits if advance payments or overpayments are subsequently found to be invalid or are refunded to clients.</p>					

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
C-1	<p>Harper Wood Provided Unauthorized Discounts for one Event</p> <p>CSEF Fiscal personnel should review event invoices for all Harper Wood events contracted after September 15, 2007 and collect license fees due from Harper Wood for any unauthorized discounts.</p>	4	Accept	Liz Rodriguez, Contract Officer	10/31/08
<p>Action plan: Contract staff is in the process of reviewing the commission reports from all four current service providers for the period September 15, 2007, through the present. In order to ensure the City receives information regarding discounts, monthly commission reporting has been amended to also require copies of all client invoices and to add discount information to the summary reports. Discounting of services to event clients is a necessary practice to compete for business. For the future, the department will be requiring each service provider to submit a blanket waiver request for approval by the department to provide up to a certain percentage discount without any further need for approval by the department. If service providers wish to provide larger discounts they will have to submit individual requests to the department in a format prescribed by the department; however, service providers will have to pay the City full commission on the undiscounted services provided (i.e. commission would be calculated on the full value of services before any discounts). All four service providers have been reminded of the discount provisions and advised of the impending policies surrounding discounts and commissions on discounted services.</p>					
C-2	<p>Harper Wood Provided Unauthorized Discounts for one Event</p> <p>CSEF Fiscal personnel should also require contractors to obtain prior approval for all discounts and provide event invoices with their monthly commission reports. They should review the reports to ensure all gross receipts are reported, no unauthorized discounts are provided, and license fees are paid on the full rates for services provided.</p>	4	Accept	Liz Rodriguez, Contract Officer	10/31/08
<p>Action plan: See action plan for item C-1 above.</p>					

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
D-2	CSEF Monitoring of License Agreements Event coordinators should follow the Event Services Division Operating Policies & Procedures and ensure all final event information for service providers is input in EBMS no later than two weeks prior to event dates.	5	Accept – Except for events occurring in less than two weeks	Yolanda Gutierrez, David Lucero, Event Services Mgr.	10/1/08
Action plan: See also action plan to item A above. Though the operating policies stipulate that this information is to be entered two weeks in advance of an event, this is a general operating goal for most events, but is not always possible. For instance, many events are smaller in nature and do not involve significant planning. As such, some of the service providers may not be known two weeks prior to an event. In other circumstances, service providers initially identified by clients may change, and may change within two weeks of an event. Event management staff regularly reviews and reinforces their operating policies and procedures with event coordination staff, including emphasizing the critical role event coordinators play in safeguarding departmental contract revenue by documenting in a continuous, timely and accurate manner which service providers are servicing events. Though the key milestone for contract staff to have this information is at the time of commission reporting, which occurs generally the month after events occur, nonetheless event coordination staff should and do regularly enter this information during the event planning process and in the ensuing time immediately before, during and after events. As additional and continued emphasis is placed on this task and its importance now and in the future, event coordination staff will be more cognizant to ascertain service provider information as early as possible in the process and enter and update it in the EBMS system.					

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,



Jim Mery
Interim Director
Convention Sports and Entertainment Facilities



Penny Post oak-Ferguson
Assistant City Manager
City Manager's Office